

**VILLAGE OF ARDEN**  
**AGREED-UPON PROCEDURES ON MUNICIPAL GRANTS**  
**FOR THE YEAR ENDED JUNE 30, 2009**



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### INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Village of Arden  
2119 The Highway  
Arden, Delaware

We have performed the procedures enumerated below, which were agreed to by the Village of Arden, State of Delaware's Office of Auditor of Accounts, Department of Safety and Homeland Security, and the Office of the State Treasurer, solely to assist the specified parties with respect to determining the Village's compliance with Delaware's applicable laws, regulations, financial reporting and the effectiveness of the internal control structure related to the municipal grant funds received for the year ended June 30, 2009. The Village of Arden's management is responsible for compliance with those requirements.

This agreed-upon procedures attestation engagement was performed in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States and the attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings were as follows:

1. Complete the State of Delaware Office of Auditor of Accounts municipal grants agreed-upon procedures program to determine the Village of Arden's compliance with applicable laws, regulations and financial reports related to municipal grant funds received for the year ended June 30, 2009 and detail any instances of noncompliance.

The Village of Arden received municipal grant funds under the following programs for the year ended June 30, 2009:

Municipal Street Aid

### **FINDING NO. 09-1 - Inappropriate Funds Deposited**

#### **Criteria**

Per Title 30 Del. C. §5165(a), "Each municipality shall keep all funds received from the state municipal aid fund in a separate account, designated as "Municipal Street Aid Fund.""

#### **Condition**

The Village of Arden inappropriately deposited funds totaling \$162.29 into the Municipal Street Aid bank account.

#### **Cause**

The Village of Arden deposited the Municipal Street Aid grant, combined with another deposit for land rent, into the Village checking account. The Village inadvertently transferred the total amount of the deposit to the Municipal Street Aid account instead of only the Municipal Street Aid grant amount.

#### **Effect**

The Village of Arden's failure to deposit only municipal street aid funds into the designated account could result in the loss of grant funding.

#### **Recommendation**

The Village of Arden should transfer \$162.29 from the Municipal Street Aid bank account to the checking account and ensure the Municipal Street Aid grant is not commingled with other funds when deposited into the checking account.

#### **Auditee Response**

*In May 2009, the Village of Arden established direct deposit of Municipal Street Aid funds by the State of Delaware into the Village of Arden (Municipal Street Aid) account at TD Bank, N.A. This procedure will eliminate the possibility of delayed deposits or accidental commingling of funds in the account.*

### **FINDING NO. 09-2 - Report Filed Incorrectly**

#### **Criteria**

Per Title 30, Delaware Code, Section 5165(b)(2), each municipality shall, "In a form prescribed by the State Treasurer, submit an accurate and complete annual report not later than October 1 of each year to the State Treasurer showing expenditures of municipal street aid funds for the preceding fiscal year ended June 30. Such form shall itemize each expenditure as represented on said form as "Other expenditures.""

#### **Condition**

The Village of Arden submitted an annual report that was not accurately prepared or reviewed. The State Grant amount and the ending cash balance were overstated \$162.29, which was the deposit error noted in Finding No. 09-1.

**Cause**

The Village of Arden reported the total amount transferred to the Municipal Street Aid account as the State Grant, not realizing that a deposit error had occurred.

**Effect**

The Village of Arden's failure to prepare accurate financial reports could result in the loss of grant funding.

**Recommendation**

The Village of Arden should more carefully prepare and review the amounts on the annual report to ensure an accurate presentation.

**Auditee Response**

*In May 2009, the Village of Arden established direct deposit of Municipal Street Aid funds by the State of Delaware into the Village of Arden (Municipal Street Aid) account at TD Bank, N.A. This procedure will eliminate the possibility of delayed deposits or accidental commingling of funds in the account.*

2. Address the status of any findings and recommendations disclosed in previous reports.

**FINDING NO. 06-1** During completion of the Village of Arden's program checklist for the Municipal Street Aid grant, it was noted that funds were not deposited timely to the Municipal Street Aid bank account. Good internal controls require that assets are properly maintained and safeguarded.

**CURRENT YEAR STATUS** Funds were deposited timely.

**FINDING NO. 06-2** The Village of Arden inappropriately deposited funds totaling \$2,850.48 into the Municipal Street Aid bank account. Municipal Street Aid funds are to be maintained in a separate account as required by 30 Del. C. §5165(a). Noncompliance with the grant's requirements could adversely affect future awards to the Village.

**CURRENT YEAR STATUS** See finding 09-1.

**FINDING NO. 06-3** During completion of the Village of Arden's program checklist for the Municipal Street Aid grant, it was noted that their annual expenditure report was not accurately prepared nor submitted timely to the Office of the State Treasurer for the fiscal year ended June 30, 2006. The Village was required to submit an annual report to the Office of the State Treasurer on or before October 1, 2006 [30 Del. C. §5165(b)(2)]. The other income and ending cash balance on the annual report were each understated by \$2,850.48, which was the deposit error noted in Finding No. 06-2. Failure to file the report timely could result in a loss or delay of future Municipal Street Aid funds.

**CURRENT YEAR STATUS** See finding 09-2.

**FINDING NO. 06-4** During completion of the Village of Arden's program checklist for the Municipal Street Aid grant, it was noted that there is a separate bank account for the Municipal Street Aid funds, but it is titled "Trustees of Arden" and is not designated as "Municipal Street Aid Fund" as required by the grant [30 Del. C. §5165(a)]. Noncompliance with the grant's requirements could adversely affect future awards to the Village.

**CURRENT YEAR STATUS** The account is now titled correctly.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with specified laws. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Village of Arden's management and council members, the State of Delaware's Office of Auditor of Accounts, Department of Safety and Homeland Security, and the Office of the State Treasurer and should not be used by those who have not agreed to the procedures and have not taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

*Sparran, Vincetello, Villano*

Wilmington, Delaware  
January 13, 2010